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INTELLOFAX 21

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Country: Peru/Chile

Subect: Comments on Mineral Conditions

Place Acquired --

Date Acquired: Mar 53 25X1A6a

Date of Information: [REDACTED]

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Source: [REDACTED]

1. The continued low prices of lead, and especially zinc, has caused several small properties to suspend their operations, while several others have changed their flowsheets over to copper recovery. Much zinc is being held in storage pending a possible recovery of prices. With the exception of the Santander property, all other new lead - zinc developments have been stopped.
2. Considerable activity has been noted in proposed increases of cement production in Peru. Several new small dry plants are being considered for the interior. Interest is also being revived in the two larger projects:
 - a. Cia Nacional de Cemento Portland del Norte S.A (Pacasmayo Cement)
 - b. Southern Cement Plant
 - (1) It is claimed that Pacasmayo has received a promise from the International Bank visitors that a loan for this project will be approved, providing a certain percentage of local capital can be raised.
 - (2) Several years ago consideration was given to the possibility of erecting a cement plant in the South of Peru. Interest is again being aroused in this proposal in view of the potential cement requirements for the construction of the Toquepala Copper Mining Milling and Smelting Plants.
3. Construction is nearing completion for the exploitation of the Marcona iron ore deposits. The ore runs 60% iron and only 0.5% sulphur with a proved reserve of 100 million tons. The US Steel Company has contracted for one million tons per year.

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4. Three US geophysical surveying companies have now been engaged by foreign oil interests for survey work in the Sechura Desert to assist in the exploration for petroleum.
5. Chile
The news from Chile is disturbing. In addition to the general strike at Chiquicamata which lasted for two weeks, the Cia Salitrera de Tarapaca y Antofagasta is in difficulty with the Chilean Government. Their request for assistance to maintain the high cost Shanks process plants in operation was turned down by the government. Any attempt to shut them down was countered by the government with the threat of taking over the industry.

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